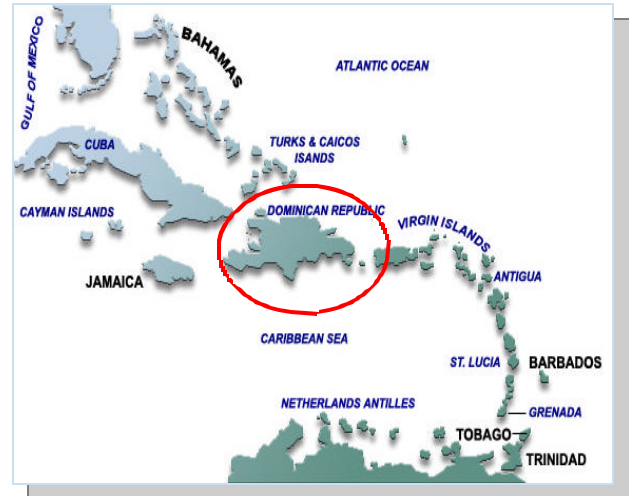


Summary:

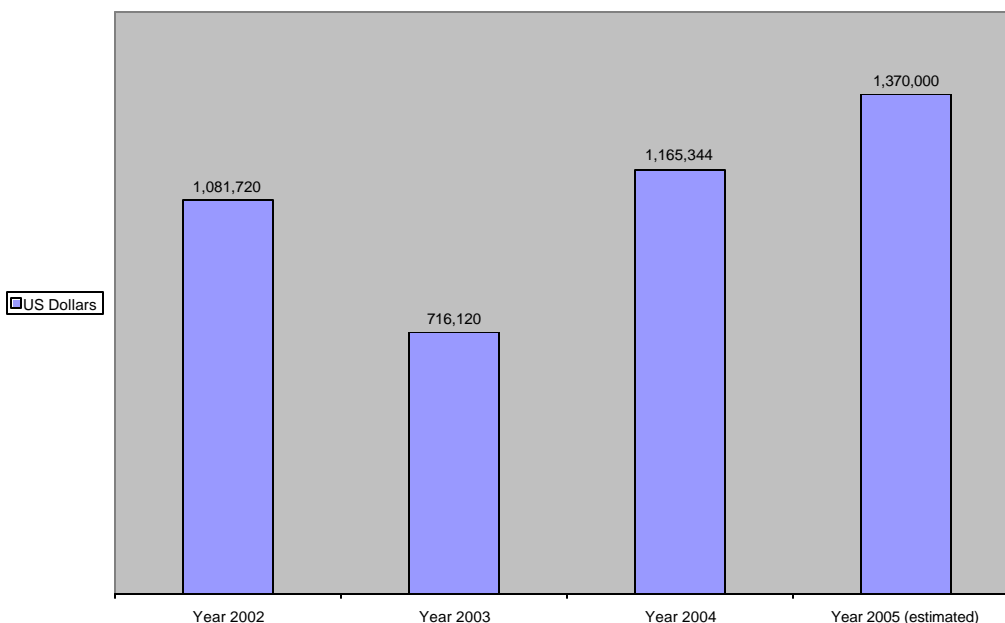
The Dominican market for Home Care Medical Equipment shows strong demand in 2004 and the trend will continue over the next years. The term Home Care is used to identify products that enable people with disabilities or illness to receive assistance in their own homes. The incidence of respiratory difficulties and diabetes, and the aging of the Dominican population are the primary factors behind the industry 15 percent growth over the next three years. The market for these products is entirely supplied by imports and U.S. products enjoy a positive receptivity (55 percent of the market). There are no restrictions to the importation of Home Care Medical equipment and U.S. standards are accepted without the need to go through a registration process.



Market Overview:

The market for Home Care Medical Equipment in the Dominican Republic experienced a significant decrease in 2003 as a result of the economic problems, which the country experienced due to a banking crisis and a 100 percent depreciation of the local currency. Nevertheless, in 2004 the market for these products recuperated and improved at the same level as 2002 and industry experts expect that the market for Home Care Medical products will increase by 15 percent per year over the next three years. The market would likely increase by 20 percent per year if the Free Trade Agreement with the U.S. is ratified by both U.S. and D.R. Congresses

Dominican Market for Home Care Medical Equipment



Statistical information was estimated based on interviews with industry representatives, statistical data retrieved from the National Trade Data Bank (NTDB) and the General Directorate of Customs of the Dominican Republic.



Market Trends

The following are factors which influence local demand for Home Care Medical Equipment:

- **The prevalence of respiratory problems in the Dominican population:** According to the Secretariat of Public Health and the Encuesta Demografica y de Salud, ENDESA 2002 (Demographic and Health Survey), diseases of pulmonary circulation were the leading cause of death in children less than five years old and the second leading cause of death in elders of over 70 years old. Acute respiratory infections (asthma, pneumonia, bronchitis,) are also ranked among the top three primary causes of illness (morbidity) of the general population. As a result, the demand for respiratory aids such as inhalers, nebulizers, humidifiers, is always increasing.
- **The growth of the Dominican aging population:** The Dominican population is 9.3 million and more than seven percent is over 60 years of age. Life expectancy has increased from 62.6 years of age in 1985 to 72.4 years in 2000. At the same time that life expectancy has increased, the crude birth rate has decreased from 34 per 1,000 births in 1985 to 19.9 per 1,000 births in 2000. As result, the population in need of using Home Care medical equipment such as mobility aids, and daily living aids is increasing every year. Other than sociological and economic reasons, there is an overwhelming preference among the elders to remain living in their homes or under the care of family members. As per ENDESA 2002, in the Dominican Republic 10 percent of the population over 60 lives alone, 2 percent lives in nursing houses, and the rest (88 percent) lives with their children. The rise of Dominicans that have lived and worked in developed countries, but return to the Dominican Republic for retirement has led to the increase of this trend. These Dominicans tend to be more aware of the importance of using home care aides and are focused on adapting their homes to suit their medical needs. They also have the economic means to access these products.
- **The prevalence of diabetes:** It is estimated that 10 percent (1.3 million) of the Dominican population is suffering from diabetes. Genetics and changes in the Dominican eating habits account for the incidence of this disease. There is a strong local demand for home self-testing equipment, such as glucometers.

Best Sales Prospects

According to Home Care Medical Equipment importers, the following are categories with best sales potential in the Dominican market:

Product category	
RESPIRATORY AIDS	Inhalers, nebulizers, compressors, humidifiers, home oxygen units.
MOBILITY AIDS	Walkers and walking frames, wheelchairs, crutches, and canes.
PRODUCTS FOR THE DIABETES HOME CARE	Self-testing equipment (Glucometers) and related supplies.
DAILY LIVING AIDS	Toilet seats, toilet rails and surrounds, incontinence protectors, bathing aids (seats, lifts, grab bars), functional beds self regulated by the patients, orthopedic back supports, joint support bandages, bed trays and chair trays.



Competitive Situation

The Dominican market for Home Care Medical Equipment is 100 percent dependant of imports, which dominated by U.S. imports (55 percent), followed by Asia (35 percent), and Europe (10 percent). Receptivity to U.S. products is very good and they are generally considered to be of the best quality.

According to local industry representatives, the following marketing practices could increase U.S. sales: maintaining competitive prices, having promotional materials and product instructions in Spanish, and offering credit facilities. Quality and advanced technology are key advantages for U.S. exporters of Home Care Medical Equipment. Dominican physicians and nurses generally recommend U.S. products but they must be price competitive.



Market Entry

To succeed in the Dominican market of Home Healthcare products, an American company must have a local distributor who will be able to provide after-sales and renting services, offer guarantees, and maintain inventories of parts and supplies. These importers and distributors usually have sales agents who distribute the products to small retailers throughout the country. Local distributors also conduct promotional activities directed to encourage physicians and nurses to recommend their products.

The U.S. Commercial Service offers excellent programs to help American companies identify potential distributor. For more information on services available to U.S. business please visit our website: www.export.gov/caribbean for more information.

Before appointing an agent or a distributor in the Dominican market, U.S. exporters should become familiar with Dominican Law 173, which regulates the relationship between foreign and local companies. This law is designed to protect Dominican citizens who work as agents or distributors for foreign companies. Law 173 establishes and provides substantial penalties for foreign firms who unilaterally terminate contracts with local distributors or agents without “just cause”. Interested companies may request a copy of the Law 173 from the U.S. Commercial Service at the U.S. Embassy in Santo Domingo.

Note: American suppliers must stay in close contact with their agent/distributors, be flexible on order size (many orders will be small) and credit terms (after having a satisfactory payment history), and visit the local agent/distributor on a regular basis.

Market Access

The general import climate in the Dominican Republic is very favorable. The dollar exchange rate has stabilized over the last six months and importers can obtain hard currency easily.

Medical products imported into the Dominican Republic do not need to go through a registration process with the local authorities and American standards are currently accepted and respected.

Import duties levied on Home Care Medical Equipment is 3 percent of the CIF price (Cost+Insurance+Freight). Other taxes collected at Customs are: Exchange Surcharge (13 percent), and a 16 percent VAT called Tax to the Transfer of Industrial Products and Services (ITBIS). The only exception is the importation of wheelchairs, which does not pay any taxes (Law 42-00).



To help with the calculation of taxes and fees applicable to Home Healthcare Medical Equipment we have prepared the following example for a product with a price of US\$100.

DESCRIPTION	BASE	TAX/FEE
Product Price	US\$100.00 = RD\$2,856.00*	
Freight & Insurance Fee (average 8% of price)	RD\$2,856.00	RD\$228.48
CIF Price	RD\$3,084.48	
Import Duty: 3% of CIF	RD\$3,084.48	RD\$92.53
Exchange surcharge: 13% of CIF	RD\$3,084.48	RD\$400.98
ITBIS: 16 percent of CIF + Import Duty + Exchange sur- charge	RD\$3,577.99	RD\$572.48
Freight Forwarders fees (1.5% of CIF)	RD\$3,084.48	RD\$46.27
TOTAL TAXES AND FEES		RD\$1,340.74 = US\$46.95
TOTAL LANDED COST (Total Taxes and fees + Price)	RD\$4,196.74 US\$146.94	

(*) Official Exchange rate at Dominican Customs is 1 US\$ = RD\$28.56 (as of 4/17/05). All taxes are collected in Dominican pesos.

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